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RUEKJCS/SECDEF WASHINGTON DC PRIORITY
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RUEKDIA/DIA WASHDC PRIORITY
RHMFIS/HQ USEUCOM VAIHINGEN GE PRIORITY
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RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 002761

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DEPARTMENT FOR AF/W AND AF/EPS
DEPARTMENT PLEASE PASS TO OPIC (HAN AND STUCKART), TDA
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E.O. 12958: DECL: 10/16/2016

TAGS: EPET ENRG ASEC PTER NI

SUBJECT: CHEVRON MUSINGS ON ELECTIONS AND SECURITY

Classified By: Charge Thomas P. Furey for Reasons 1.4 (b and d)

¶1. (C) SUMMARY: Peter Williams (protect), Consultant/Special Advisor to Chevron Nigeria, met with the Charge to discuss the 2007 election and to provide an update on bunkering activities in the Delta. Williams suspects that the election cycle will be "messy, ugly and won't end the ongoing problems." He was disappointed in the lack of support from the Nigerian military in stopping and preventing bunkering operations. END SUMMARY.

CHEVRON'S VIEW OF THE 2007 ELECTIONS

¶2. (C) During a discussion of the upcoming elections, Williams said he thinks that President Obasanjo is not a puppet to his advisors and that the President continues to pursue the possibility of staying in office past April. Williams categorized the Economic and Financial Crimes Commission's (EFCC) investigations of 30 out of 36 governors as eliminating likely presidential successors -- a benefit to Obasanjo.

BUNKERING AND THE JOINT TASK FORCE (JTF)

¶3. (C) Williams was concerned that militants in the Delta will begin to focus more of their attention on Chevron's infrastructure. He described and showed photos of a recent bunkering operation near Ileko Creek, where armed men with eight barges began bunkering oil from a Chevron pipeline on October 10. Williams said he met with Brigadier General Alfred Illogho, Commander of the JTF, to ask for help in removing four abandoned barges from the site. The JTF leadership told Williams they did not have the boats or funding to pay for a hired tugboat service to remove the barges. JTF officials said if Chevron needed help, it would need to provide the JTF with funding. Williams lamented that 60 percent of Chevron Nigeria revenue is already distributed to the Nigerian government and another 20 percent is collected in taxes. He posited that the JTF should be

capable of supporting itself. (NOTE: Williams reported hearing rumors that the JTF received compensation of \$10,000 per barge. END NOTE)

14. (C) Williams said Chevron is reluctant to provide direct funding to the JTF as this would set a bad precedent. Williams commented that Chevron is stuck between: a) getting too involved in taking action (thereby causing retaliation from militant groups) or b) suffering more attacks because of Nigerian government inaction. (NOTE: Williams reported that Shell representatives confided the company is providing direct funding to the JTF. END NOTE) Williams also expressed Chevron's frustration with Chief of Defense Staff General Martin-Luther Agwai and his handling of the situation in the Delta. He said Chevron had expected General Agwai to be more involved and proactive in his role.

CHEVRON BREAKING POINT

15. (C) When asked at what point would Chevron consider scaling back or terminating operations in Nigeria, Williams said that Chevron is putting more resources into Nigeria and not "looking for excuses to run away." He opined that if oil services contractors that Chevron employs began pulling out of Nigeria, Chevron could not continue to operate. He said top global Chevron management will meet soon to discuss various scenarios and Chevron's strategy.

COMMUNITY DEVELOPMENT WOES

16. (C) Williams said that Chevron has worked to engage local leaders in the Delta on development. However, Chevron's

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efforts have been complicated because there are so many factions at the village, town, city and state level that require attention. Williams underscored that Chevron's goal is to provide seed money for developmental needs, not replace the government's role.

COMMENT

17. (C) Williams' previous experience in the British military and his last assignment in southern Iraq has most likely prepared him for Nigeria's unpredictable political and military leadership. Chevron considers itself a better corporate partner in the Delta than Shell and expects its investment in community engagement with stakeholders will keep its operations relatively trouble-free. The upcoming Chevron internal meeting on 2007 election scenarios is likely to fortify Chevron's widening investment stance in Nigeria.

FUREY